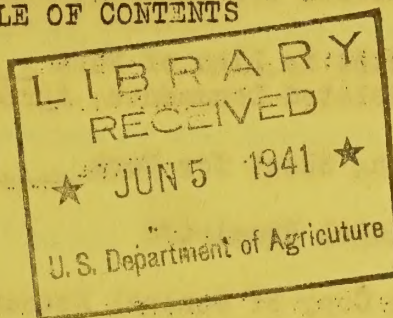


UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATIONSOUTHERN DIVISIONSTATE OFFICE PROCEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES

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LIST OF FORMS

The following forms (hereinafter referred to by form numbers) will be used in connection with this procedure.

Form ACP-25, "Voucher for Agricultural Conservation Payments Subject to Deductions for Claimant's Indebtedness".

Form ACP-26, "Receipt in Lieu of Form _____, 'Application for Payment', and Related Documents, Agricultural Conservation Program".

Form ACP-27, "Facing Sheet for Form _____".

Form ACP-28, "Official Receipt".

Form AAA-367, "True Copy of General Accounting Office Certificate of Settlement (39A)".

Form AAA-397, "Data with Respect to Applicant(s) Residing Outside of the United States".

Form SRM-451, "Priority of Set-Offs".

Form FCI-76-1940, "Schedule of Premium Refunds or Indemnity Payments".

Form AD-42, "Administrative Report".

Standard Forms:

No. 1044, "Schedule of Collections"

No. 1047, "Public Voucher for Refunds"

No. 1048, "Public Voucher for Refunds"

No. 1096, "Schedule of Voucher Deductions"

No. 1097, "Request for Corrections in Appropriation, Fund, Limitation, and Official Project Accounts"

Treasury Department (Internal Revenue Service)

Form 1042, "Annual Return of Income Tax to be Paid at Source".

Form 1042B, "Annual Return of Income Tax Withheld from Canadian Addressees".

SECTION I. GENERAL

A. Applicability.

1. The procedure outlined herein supersedes all previous instructions and is for use in making set-offs against payments certified under all agricultural programs administered through the State office.

B. Definitions.

1. As used herein the terms and abbreviations listed below are defined as follows:

"Director" means the Director of the Southern Division, Agricultural Adjustment Administration.

"Administrative Officer" means the Administrative Officer in Charge.

"Association Treasurer" means the treasurer of the county agricultural conservation association.

"Association Secretary" means the secretary of the county agricultural conservation association.

The phrase "Program administered through the State office" means a program with respect to which the applications for payment are examined and certified for payment by the State office.

"Application" means any application for payment submitted in connection with any agricultural program administered through the State Office.

"Register" means the register of indebtedness maintained by the State office.

"Person" is defined as in the applicable bulletin issued in connection with the program with respect to which the application is filed.

"Applicant" means a person who signs an application for payment, or a person (other than an assignee) who may be paid under the application without the requirement that his signature appear thereon. When the application is filed by more than one person the term "Applicant" shall be construed to mean:

Any individual who is entitled in his own right to a payment under an application, or

Two or more persons who as co-owners or co-operators, are entitled in their own right to a payment under an application.

The term "Applicant" includes the estate of a deceased or incompetent person, and also includes a widow of, or other successor in interest to, a deceased person, the decedent having contributed to the performance for which payment is to be made.

"Debtor-applicant" means any applicant who is indebted to the United States.

"Predecessor" means any person for whose performance a successor in interest, such as the decedent's widow (or widower) has filed application for payment. The indebtedness of the estate of a predecessor shall be collected by set-off against the payment due the successor in interest only if the debt is owed to the AAA.

"USDA" means the United States Department of Agriculture.

"AAA" means the Agricultural Adjustment Administration.

"CCC" means the Commodity Credit Corporation.

"FSA" means Farm Security Administration.

"FCA" means Farm Credit Administration.

"FCIC" means Federal Crop Insurance Corporation.

"SMA" means Surplus Marketing Administration.

"Other USDA agency" means any agency or bureau of the USDA other than the AAA, the CCC, the FSA, FCA, SMA or FCIC.

"Independent Agency" means any agency of the United States not within the USDA.

"GAO" means the local field preaudit office of the General Accounting Office unless otherwise designated.

"DO" means the Regional Disbursing Office serving the State office.

C. Identification of Applicant Reported to be Indebted.

1. When it appears that an applicant is indebted to the United States it must be determined, by correspondence with the said applicant, or with the county office or by other means, that the applicant is the person indebted. Payment to the applicant shall not be certified unless and until his identity with respect to the debt is established.

D. Priority of Set-Offs.

1. Set-offs shall be made in the following order:
 - (a) Debts owed to the AAA, in the following order:

executed Forms CAP-3 with respect to payments under the 1935 Cotton Price Adjustment Program.

- (2) Overpayment certified through the State office (including indebtedness for grants of aid and crop insurance advances).
- (3) Debts arising from overpayment made in Washington by the AAA.
- (4) Debts arising in connection with the 1941 Supplementary Cotton Program. (For set-off purposes this type of indebtedness is to be considered a AAA indebtedness).
- (5) Debts arising from failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938.
- (b) Debts owed to the CCC entered on the register.
- (c) Debts owed to the FSA entered on the register. 1/
- (d) Debts owed to the FCA entered on the register. 1/
- (e) Debts owed to the other USDA agencies entered on the register. 1/
- (f) Debts owed to independent agencies entered on the register. 1/
- (g) Debts owed to the FCIC because of excess indemnity payments.

E. Correction of Data on Register.

1. Notations of amounts collected by set-off and the serial numbers of the applications and the administrative voucher numbers whereunder the set-offs are made shall be made on the register at the time the set-off is made. In connection with crop insurance advances recovered from crop insurance indemnities the State office shall, upon receipt of notice from the FCIC, make notations on the register of indebtedness of the amount of the advance being recovered and the number of the applicable form on which the recovery is reported.

- 1/ For 1940 and subsequent agricultural conservation programs, an assignment filed in the county office takes priority over any such debt subsequently entered on the county office register and in such cases and amount in excess of the payment to the assignee shall be paid to the applicant and not set off in favor of the creditor-agency.

2. The register must be corrected by having amounts reinstated upon receipt of notice that the application under which a set-off was made has been suspended by the GAO.
3. The register shall also be corrected upon a showing that the amount of an indebtedness has been officially reduced, which will be evidenced by one of the following.

- (a) Receipt of Form C-1110, Supplement A (due to reduction in amount of indebtedness for reasons other than State office set-offs).
- (b) Receipt of form 367 if the set-off is made by the Claims Division of the GAO pursuant to the provisions of subparagraph (a), paragraph 2, subsection I of this section I.
- (c) Receipt of Notice of Settlement by the Treasury Department if the set-off is made pursuant to the provisions of subparagraph (b), paragraph 2, subsection I of this section I.
- (d) Receipt of information from the creditor-agency that a debt owed to the agency has been totally or partially liquidated or a request from the creditor-agency that only a portion of the debt be set-off against the payment in question.
- (e) An administrative determination that an apparent debt to the AAA is in fact not owed.

F. Forms AAA-372. Forms 372 filed in county offices after February 9, 1940, are not acceptable and shall be returned to the respective agencies by the county offices.

G. Cases Wherein a Set-off will not be Made.

1. No set-off shall be made against any amount payable to a person in the capacity of assignee in liquidation of the assignee's indebtedness.
2. No set-off shall be made in favor of any agency of the United States other than the AAA, if the indebtedness is reported to the State office subsequent to the time payment is certified.
3. No set-off shall be made against any amount payable to a person from the marketing quota special deposits accounts.

H. Cases Wherein Set-offs will be Made.

1. Set-offs shall be made in the following cases:

- (a) Debts owed to the AAA regardless of whether the indebtedness is reported to the State office prior to the time the payment is certified. 1/
- (b) Debts owed to the CCC if the debts are reported to the State office prior to the time the payment is certified. 1/
- (c) Debts owed to the TSA, FCA, FCIC, any other USDA agency, or any independent agency if notice of the debt is received in the county office prior to the filing of an assignment.

- (1) If it is found that payment has been certified by the State office without regard to the notice of the existence of the debt at the time payment was certified and the check has not been delivered, the check shall be canceled and a "dummy" application prepared, against which a set-off shall be made in accordance with the applicable procedure provided herein. The signature(s) of the applicant(s) will not be required on the "dummy" application.

I. Non-Receipt of Treasury Check by Debtor-Applicant.

- 1. The Claims Section may find when preparing an administrative report to the Treasurer of the United States relative to a lost, forged, or destroyed check that the payee is indebted to the United States. If the indebtedness is owed to any agency of the United States other than the AAA the amount of the debt will not be deducted from the proceeds of the check unless the State Office was on notice of the existence of the debt at the time the payment was certified.
- 2. If the payee is indebted to any agency of the United States other than the AAA and the State Office was on notice of the existence of the debt at the time of certification of the related voucher, and in all cases of indebtedness to the AAA, the set-off shall be made in accordance with subparagraph (a) or (b) of this paragraph 2, whichever is applicable.

1/ In these cases the indebtedness takes priority over any assignment and if the payment exceeds the amount of indebtedness the excess is available for payment to the assignee, if any.

- (a) If the letter from the Treas., U. S. indicates that the check has not been paid, an undated reply shall be prepared in septuple similar to the example appearing in paragraph 4, subsection I of section IV hereof on the stationery of the Office of Budget and Finance, for the signature of the Acting Director of Finance.
- (1) Form AD-42, similar to the example appearing in paragraph 2, subsection I of section IV hereof, shall then be prepared in sextuple. If the debt is owed to the AAA and arose as the result of an overpayment certified by the State office, the report shall also include a concluding paragraph relative to the debt, setting forth:
- a. the amount of the debt.
 - b. the appropriation to be credited,
 - c. the DO voucher number whereunder the overpayment was made,
 - d. the name of the Disbursing Officer by whom the overpayment was made,
 - e. a description of the payment under which the refund is due,
 - f. the period of the account during which the overpayment was made.
- (2) The letter from the Treas., U. S., a copy of the letter addressed to the Treas., U. S., and a copy of form AD-42, shall be filed in the Claims Section. A copy of the letter from the Treas., U. S., the original and four copies of the letter to the Treas., U. S., and the original and three copies of form AD-42 shall be forwarded to the Director. One dated, signed copy of the letter and form AD-42 will be returned to the State office by the Southern Division at the time the case is referred to the Claims Division, GAO. Settlement will be evidenced by form 367 forwarded to the State office by the Southern Division.
- (3) If the payee, or his predecessor, is indebted to the AAA under a program administered through the State office, prepare form 28, in quadruple.
- (b) If the letter from the Treas., U. S., indicates that the amount of a forged check has been paid and recovered through the endorers, and it is determined that the payee is indebted to the AAA, or to any other agency of the United States if the State office was on notice of the existence of the debt at the time of certification of the related voucher, an undated reply similar

to the applicable example appearing in subparagraph (a) or (b), paragraph 5, subsection J, section IV, hereof, shall be prepared in septuple on the stationery of the Office of Budget and Finance, for the signature of the Acting Director of Finance.

- (1) If the payee, or his predecessor, is indebted to the AAA under a program administered through the State office, prepare form 28 in quadruple.

J. Minimum Amount to be Set-Off.

1. Debts owed to the AAA.

- (a) If the amount of indebtedness is \$0.10 or less, such indebtedness shall not be collected.
- (b) Where an indebtedness is reduced by set-off or any other means to \$0.10 or less, the name of the debtor shall be removed from the register of indebtedness.

2. Debts other than AAA.

- (a) If the State office is notified by a USDA or independent agency of an indebtedness of less than \$1.00 such notice shall be returned to the creditor-agency and will not be shown on the State and county office registers of indebtedness.
- (b) Where an indebtedness is reduced by set-off or any other means to less than \$1.00, the name of the debtor shall be removed from the register of indebtedness.

K. Cases of Joint Indebtedness or Joint Payments.

1. In cases where the register of indebtedness shows the indebtedness in the name of a partnership, co-owner or co-operator, the payment accruing to one of the partners, co-owners or co-operators as an individual is to be applied toward liquidation of the indebtedness;
2. In cases where the register shows the indebtedness in the name of an individual and payment accrues to that individual as a partner, co-owner, or co-operator, an amount equal to the extent of his interest (to be determined by means of a statement signed by the interested persons) in the payment to the partnership, co-owners, or co-operators, is to be applied toward liquidation of the indebtedness.
 - (a) Any amount due a partnership in excess of the amount of indebtedness shall be vouchered and scheduled in the name of the partnership.

- (b) Any amount due co-owners or co-operators in excess of the amount of indebtedness shall be vouchered and scheduled in the name of the individual owner(s) or operator(s).

L. Method of Filing Claim Against the Estate of a Deceased Person for an Indebtedness Due the AAA.

1. Where notice of the death of a person indebted to the AAA is received from a county office, the State office shall forward a request for payment of the indebtedness to the person indicated by the notice received from the county office as being in charge of the assets of the estate (unless it appears from such notice that the decedent did not leave an estate). The request shall set forth:
 - (a) How the indebtedness arose. Where the indebtedness is due to an overpayment, the date of the checks whereunder the overpayment was made shall be set forth.
 - (b) A request that payment of the indebtedness be made in the form of a check or money order drawn payable to the Treas. of the U. S.
2. A copy of the request for payment shall be forwarded to the county office.
3. Pending payment of the indebtedness the State office shall set off the amount of the indebtedness against any payment thereafter accruing to the estate of the decedent or against any payment accruing to any person by reason of that person's succession in interest to the assets of the estate.
4. If it becomes apparent that settlement of the indebtedness cannot be effected by request for payment made to representatives of the estate and/or by set-off, and it appears that the estate of the decedent is sufficient to discharge a part or all of the debt, a full report of the circumstances in the case shall be made to the Director in order that consideration may be given to the desirability of taking further action against the estate of the decedent.

M. Notice of Set-off to Debtor-Applicant.

1. In all cases where an applicant's payment is reduced by set-off the applicant shall be notified of the set-off. The notice of the set-off should include the nature of the indebtedness, the amount of indebtedness, the total payment to the applicant under the application, reference to the program and year in connection with which the application is submitted, the amount being set-off, the remainder, if any, due the applicant, or the balance, if any, due the United States.

SECTION II. USE OF FORM SRM-451, "PRIORITY OF SET OFFS"

A. Applicability.

1. A form 451 need not be prepared in cases where the debtor-applicant is shown on the register as being indebted to only one agency unless it is necessary to prorate payments to assignees after making set-off(s) in favor of the AAA or CCC.
2. A form 451 shall be prepared with respect to the applications in which a debtor-applicant has an interest which are filed under each program in connection with which a set-off against the debtor-applicant's payment is to be made, if the debtor-applicant is shown on the register as being indebted to more than one agency or it is necessary to prorate payments to assignees as provided in 1, above. A separate form 451 shall be prepared for the application(s) from each county with respect to which a set-off is to be made against the payment accruing to the debtor-applicant under the application(s).

B. Preparation of Form SRM-451

1. After the net payment due the debtor-applicant with respect to each application in question has been determined and all payments have been adjusted for multiple farm provisions, where applicable, form 451 is to be prepared in the manner outlined below. A sufficient number of copies shall be prepared to attach one copy to each voucher under which payments with respect to the related application(s) are certified.
 - (a) Enter in line 1, column B, the sum of the payments (less association expenses) computed for the debtor-applicant on all applications under the program (including amounts payable to assignees, if any).
 - (b) Enter in line 2, column A, the amount of any set-off(s) in favor of the AAA, not to exceed the amount in line 1 column B. If there is an entry in line 2, column A, enter in line 2, column B, the amount, if any, by which the entry in line 1, column B, exceeds the entry in line 2, column A.
 - (c) Enter in line 3, column A, any amount owed to the CCC by the debtor-applicant as shown on the register, not to exceed the remaining amount available for deductions. If there is an entry in line 3, column A, enter in the same line in column B the amount, if any, by which the entry in line 2, column B, exceeds the entry in line 3, column A.
 - (d) Where there is a remaining amount in column B:
 - (1) If only one application is covered by the form 451 the remaining payment, if any, to be made under the application shall be made in accord-

ance with the order of priority set forth in subsection D, section I hereof.

- (2) If more than one application is covered by the form 451 and the remaining payment, if any, is sufficient to pay all assignees, if any, the form 451 shall be completed to show the amount paid to each assignee and the remaining payment, if any, (but not to exceed the sum of payments computed for the applicant on applications showing no assignment) shall be available to set off amounts of indebtedness, if any, to other agencies in accordance with the order of priority set forth in subsection D, section I hereof and each set-off shall be listed on the form 451.
- (3) If more than one application is covered by the form 451 and the remaining payment is not sufficient to pay all assignees, the amount remaining shall be prorated between the assignees in the proportion that the amount that would otherwise be paid each assignee bears to the sum of such amounts.
- (e) Obtain the total of column A and determine that it does not vary from the entry on line 1, column B, by more than ten cents.
- (f) The original shall be signed by the Claims Clerk and attached to the related lot of applications. The copies shall be initialed by the Claims Clerk and shall be filed with the file copy of the related voucher(s). There shall be entered on each application listed on form 451, a notation to the effect that a copy of form 451 is attached to the related voucher.

C. Determination of Person(s) Who Are to Receive Payment Computed for the Debtor-Applicant on Each Application.

1. Any amount shown on form 451 as being payable to an assignee must be vouchered for payment under the application with respect to which the assignment was filed.
2. The amount payable to the debtor-applicant (as shown in line 11, column A, form 451) shall first be vouchered under any application(s) whereunder there is payment computed for the debtor-applicant in excess of an amount payable to his assignee and thereafter any amount remaining to be vouchered shall be vouchered under any application(s) whereunder there is a net payment computed for the debtor-applicant.
3. Debts listed on form 451 which are to be set off in favor of any agency other than the AAA or CCC shall be set off against any application whereunder there remains an amount not to be vouchered under the provisions of paragraphs 1 and 2 above, except that for 1940 and subsequent agricultural conservation programs set-

off of these debts may not be made against an application with respect to which an assignment is in effect.

4. Debts listed on form 451 which are to be set off in favor of the AAA and/or the CCC shall be set off against any application(s) whereunder there remains an amount not to be vouchered or set off under the provisions of paragraphs 1, 2, and 3 above.
5. In cases where a set-off is made against any producer's payment (including the payment which would otherwise be payable to an assignee) the producer's payment (and the payment to the assignee, if necessary) shall be circled on the application and the remaining payment, if any, to the producer (and/or assignee, if any) shall be entered immediately above or beside the circled amount. In these cases enter on the application the name of the creditor-agency, the name of the debtor-applicant in parentheses and the amount set-off or prepare a statement (in duplicate) showing the manner in which the payments are to be scheduled to the creditor-agency, the applicant, and assignee (if any) and the amounts. This statement shall be attached to the original and State office copies of the application.

SECTION III. METHOD OF MAKING SET-OFFS

- A. Where set-off is being made in favor of the AAA 1/, the CCC, the FSA, the FCA, the FCIC, or other USDA agency, or two or more of such agencies, but set-off is not being made in favor of an independent agency:
 1. The amounts due all applicants, assignees, and the Treasurer of the U. S. shall be vouchered on the continuation sheet prescribed for use in connection with the program. The continuation sheet shall be prepared in quintuple.
 2. The public voucher form and the schedule of disbursements prescribed for use in connection with the program shall be prepared in accordance with the procedure set forth in section IV hereof.

1/ If the set-off is being made because of failure to return a properly executed form CAP-3 with respect to a payment under the 1935 CAP Program, the set-off shall be made in accordance with the provisions of this subsection A with the exceptions outlined in section III, Part II of SRC-103, Revised. If the set-off is being made in favor of the Cotton Pool Account the set-off shall be made in accordance with the provisions of this subsection A with the following exceptions:

- (1) Schedule these set-offs on a separate form 1096.
- (2) The "DO Symbol No." to be entered at the top of the form is "89-756", which is G. F. Allen's Washington collection symbol. (The collection symbol of the Regional Disbursing Officer is not to be shown.)
- (3) In addition, enter the following statement: "For deposit to the official credit to G. F. Allen, Washington, D. C., symbol number 89-756."

3. The schedule of voucher deductions, form 1096, shall be prepared in nonuple 1/ with respect to the amount, if any, being set off in favor of the AAA. (Form 1096 shall not be prepared with respect to any set-off to recover an indebtedness in connection with the 1941 Supplementary Cotton Program.)
4. Form 28 shall be prepared in quadruple in cases where the indebtedness arose as the result of an overpayment certified by the State office.
5. The forms prepared pursuant to this subsection A shall be distributed as follows:
 - (a) The voucher continuation sheet(s), public voucher, and the schedule of disbursements shall be distributed in accordance with the regular procedure for this particular program.
 - (b) Form 28 shall be distributed as follows:
 - (1) One copy shall be filed with the file copy of the application whereunder the set-off is being made.
 - (2) One copy shall be filed with the file copy of the application (or computation schedule) whereunder the overpayment was made.
 - (3) The remaining copies shall be filed in a suspense file pending return of an accomplished copy of form 1096 from the DO.
 - (c) Form 1096 shall be distributed as follows:
 - (1) The original and four copies (including the copy stamped "Forward to Control Accounts and Reports etc.") shall be forwarded to the preaudit office with the related application(s).
 - (2) Four copies shall be placed in a suspense file.

1/ If the set-off is being made:

- (1) As a result of failure to return Form CAP-3, an additional copy of form 1096 shall be prepared for the Director.
- (2) In liquidation of a debt resulting from an overpayment made in Washington by the AAA, which will be reported on form C-1110, or Supplement A thereto, an additional copy shall be prepared and marked "For Comptroller, AAA."
- (3) As a result of failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938 in connection with the 1938-1939 Marketing Year one additional copy of form 1096 shall be prepared and marked "For Comptroller, AAA."

Upon return of a copy of the schedule of disbursements from the preaudit office, make the necessary corrections, if any, on the State office copies and transmit one copy to the Accounting and Bookkeeping Division, GAO, Washington, D. C., and one copy to the Division of Bookkeeping and Warrants, Treasury Department, Washington, D. C.

(3) At the time an accomplished copy of form 1096 is returned by the DO, transcribe the information appearing on the lower part of the form to the two remaining file copies and forward one to the Office of Budget and Finance, Department of Agriculture, Washington, D. C., and file the remaining copy in the Claims Section. (If the set-off is being made because of failure to return the form CAP-3 properly executed, one copy of form 1096 shall be forwarded to the Director. If the set-off is being made in liquidation of a debt resulting from an overpayment made in Washington by the AAA, or as a result of failure to remit a marketing quota penalty under the 1938-1939 Marketing Year the copy of the form 1096 marked "For Comptroller, AAA" shall be forwarded to the Office of the Comptroller, AAA, Old P. O. Bldg., Washington, D. C.)

(4) One copy of form 1096 will be returned by the DO and shall be forwarded to the State Accountant, together with one copy of form 28, if any, contained in the suspense file. (End of Footnote 2/)

B. Where Set-Off is to be Made in Favor of Independent Agencies.

1. The amounts payable to an applicant(s) not indebted to independent agencies and his assignee(s) shall be vouchered and scheduled for payment on the applicable continuation sheet, public voucher and schedule of disbursements in accordance with regular vouchering and scheduling procedure prescribed for the particular program, or, if the applicant is indebted to the AAA, the CCC, the FSA, the FCIC, the FCA, or to other USDA agencies, in accordance with the applicable set-off procedure provided herein. (If the debtor-applicant is the sole applicant having an interest in the application, the provisions of this paragraph 1 are inapplicable.)
2. Enter on the related application in a conspicuous manner near the entry showing the net payment accruing to the debtor-applicant, the notation "See ACP-25, Bureau Voucher No. _____", and the bureau voucher number assigned to form ACP-25 pursuant to paragraph 4, subsection E, section IV hereof.

3. The amount accruing to the debtor-applicant under each application against which a set-off is being made, shall be vouchered on a separate form 25 prepared in septuple. If two or more applicants on an application are indebted to one or more independent agencies, prepare a separate form 25 for each indebted applicant.
4. If under any application, in connection with which a set-off is made from the payment computed for the debtor-applicant, payment has been computed for any person other than the debtor-applicant or his assignee, forms 26 and 27 shall be prepared with respect to such payment.
5. Form AD-42 shall be prepared in octuple in accordance with paragraph 2, subsection H, section IV hereof.
6. The Claims Section shall file two copies of form 25 and one copy of forms 26 and 27, if applicable, with the file copy of the application. One copy of form 25 shall be forwarded to the State Accountant. The regular number of copies of the voucher continuation sheet, public voucher and schedule of disbursements, if applicable, together with the original and two copies of form 25, the original and one copy of forms 26 and 27, if applicable, and the original and six copies of form AD-42 shall be forwarded to the GAO. The GAO will return one copy of form 25 and one copy of the schedule of disbursements, if applicable. Upon return of one copy of form 25 from the GAO, forward one copy of form 25 to the Control Accounts and Reports Section, AAA, Washington, D. C. A copy of form AD-42 will be forwarded to the State office by the Southern Division, which shall be filed with the file copy of the application. In the event of inquiry, reply may be made that the case was referred to the Claims Division, GAO, under the date appearing on form AD-42. Three copies of form 367 will be forwarded to the State office by the Southern Division and copies shall be distributed to:
(1) State Accountant, (2) County Office, and (3) Claims Section.
7. If under the program deductions for county association expenses are to be made, notice of such deduction shall be forwarded to the debtor-applicant as follows:
 - (a) If the amount of payment allowable for set-off exceeds the amount owed, the notice of county association expense deductions shall be prepared by the Claims Section, showing the State and county code numbers and the deduction rate under the program for the county in which the application originated and shall be attached to form 25 when forwarded to the GAO.
 - (b) If the amount of indebtedness equals or exceeds the amount of the payment allowable for set-off, the notice of county association expense deduction shall be prepared in accordance with the applicable instructions and placed in a

tion in the blank space below the deduction factor: "No check is delivered herewith since your payment in the amount of \$ _____ has been applied on your indebtedness to (creditor-agency)". Upon receipt of form 367 the notice shall be forwarded to the debtor-applicant.

C. Where a Set-Off is to be Made in Favor of an Independent Agency, and the AAA, CCC, FSA, FCA, SMA, FCIC, or other USDA agencies.

1. The procedure outlined in subsection B of this section III is applicable.
2. If the debt arises as the result of an overpayment certified by the State office, form 28 shall be prepared in quadruple.

D. Where Set-Off is to be Made in Favor of the CCC, FSA, FCA, SMA, FCIC, or other USDA Agencies.

1. Set-offs in favor of the CCC, the FSA, FCA, SMA, FCIC, or other USDA agencies shall be accomplished by vouchering a payment in favor of the Treas., U. S., in care of the creditor-agency, in the amount to be set off. The regional addresses of the creditor-agencies will be furnished by the Director. These amounts shall be certified for payment on the voucher whereon the debtor-applicant's application is certified for payment.

SECTION IV. PREPARATION OF FORMS NECESSARY IN MAKING SET-OFFS.

A. The Continuation Sheet Prescribed for Use under the Particular Program Shall be Prepared as Follows:

1. The entries in the heading of the form shall be made in the manner prescribed in the regular vouchering procedure. Payments for applicants who are not indebted, and their assignees shall be vouchered in accordance with the regular vouchering procedure and any amount accruing to the debtor-applicant shall be vouchered in accordance with the regular vouchering procedure, except that an additional copy of the continuation sheet shall be prepared and used by the Claims Section in correcting the register of indebtedness, and:
 - (a) An additional column shall be designated to the left of the payment column and "Form 1096" shall be entered as the heading of this column.
 - (b) The entry to be made in the amount column opposite the name of the debtor-applicant shall be the amount, if any, determined pursuant to subsection C of section II hereof, to be payable to him under the application.
 - (c) If the debtor-applicant is indebted to the AAA for a crop insurance premium advance or a grant of aid, the amount to

be set off shall be entered in the column entitled "Form 1096" on the same line as the payment to the applicant. These amounts shall be properly identified by asterisk and footnote, i.e., "1941 CIP Adv.", or "1940 Grant of Aid" and shall show the full symbol and title of the appropriation to be credited. The words "Treas., U. S." and a reference to the name of the debtor and form under which the indebtedness arose shall not be entered beneath the name of the applicant.

(d) If the debtor-applicant is indebted to the AAA as a result of an overpayment on the next succeeding line

(1) In the column entitled "Application serial number" enter the serial number of the application under which the set-off is being made.

(2) In the column entitled "Name and Address of Payee" enter the words "Treas., U. S." followed by the symbol and title of the appropriation to be credited ^{1/} and the name of the debtor-applicant. Enter a description of the application or contract under which the indebtedness arose, followed by the DO voucher number of the voucher under which the overpayment was made, the name of the Disbursing officer and the period of account in which the overpayment was made. (The period of account, of course, will not be shown where the overpayment was made in Washington since the Register of Indebtedness issued by the Office of the Comptroller, AAA, does not contain such information.)

(3) In the column entitled "Form 1096" enter the amount being applied, under the application, toward liquidation of the indebtedness.

(e) If the debtor-applicant is indebted as a result of an excess payment in connection with the 1941 Supplementary Cotton Program,

(1) In the column entitled "Application Serial Number" enter the serial number of the application under which the set-off is being made.

(2) In the column entitled "Name and address of Payee" enter the words, "Treas., U. S.", in care of Surplus

^{1/} If the set-off is being made because of failure to return properly executed forms CAP-3, the fund to be credited shall be "128532, Deposits of Undistributed Cotton Price Adjustment Payments". In all other cases

Marketing Administration, Washington, D. C., followed by the name of the debtor, the State and county code, and serial number of the stamp application.

- (3) In the column entitled "Payment" enter the amount being applied under the application toward liquidation of the indebtedness.
- (f) If the debtor-applicant is indebted to the AAA as a result of failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938,
- (1) In the column entitled "Application serial number" enter the serial number of the application in connection with which the set-off is being made.
 - (2) In the column entitled "Name and address of payee" enter the words "Treas., U. S." followed by the symbol and title of the fund to be credited and the name of the debtor-applicant.
 - (3) In the column entitled "Form 1096" enter the amount being applied, under the application, toward liquidation of the indebtedness.
- (g) If the debtor-applicant is indebted to the CCC, FSA, FCA, FCIC (for excess indemnity payment) or to other USDA agencies, and if a set-off is to be made in liquidation of the debt, on the next succeeding line,
- (1) In the column entitled "Application serial number" enter the serial number of the application under which the set-off is being made.
 - (2) In the column entitled "Name and address of payee" enter the words "Treas., U. S., c/o" followed by the name and address of the creditor-agency. Immediately below the name and address of the creditor-agency, enter the words "Indebtedness of (name of debtor-applicant)" followed by any identifying symbols or numbers furnished by the creditor-agency. (If no identifying symbol or number is shown, the address of the debtor-applicant, as shown on the application, shall be entered following his name.
 - a. In cases where payments are certified to the Treas., U. S. in care of the CCC, the continuation sheet shall show the address of the office from which the request for set-off was received and the symbol "13-980" need not be shown.

- b. In cases where payments are certified to the Treas., U. S., in care of the FSA, the continuation sheets shall show the address of the FSA as furnished by the regional office of the FSA for the respective county. In these cases payment to the FSA shall be scheduled in the following manner:

"Treas., U. S.,
c/o FSA,
(address of the supervisor to whom the check is to be delivered). The name of the supervisor shall not be included. The name of the debtor shall be shown in the usual manner."

- (3) In the column entitled "Payment" enter the amount being applied under the application toward liquidation of the indebtedness.

- (h) If under the application there is an amount payable to an assignee of the debtor-applicant, this amount shall be vouchered for payment to the assignee in accordance with the applicable regular vouchering procedure.

- (i) After all cases in the lot have been listed on the voucher continuation sheet, there shall be listed beneath the name of the last payee the words "Treas., U. S.". Opposite these words in the payment column shall be entered the total of all amounts listed in the "Form 1096" column and to the left of this total shall be entered the schedule number of the form 1096 on which the set-offs will be scheduled. The total for the payment column shall include the total of the set-offs. Cases involving set-offs which are to be credited to a trust fund or to the General Fund of the Treasury require a separate set of forms 1096. According, if set-offs which are to be credited to one or more appropriations and set-offs which are to be credited to a trust fund or to the General Fund of the Treasury are listed on the same voucher continuation sheet, separate totals shall be entered at the bottom of the voucher continuation sheet for the amounts which are to be credited to the appropriations and the amounts which are to be credited to a trust fund or to the General Fund of the Treasury. To the left of each of the totals shall be entered the schedule number of the form 1096 on which the amount will be scheduled and the words "Treas., U. S.".

- B. The Public Voucher Prescribed for Use under the Program Shall be Prepared in Accordance with the Applicable Regular Vouchering Procedure, Except That:

1. The total number of payees (including applicants, assignees, check(s) drawn payable to the Treas., U. S., in care of a creditor-agency and the check 1/ drawn payable to the Treas., U. S. pursuant to form 1096) followed by the word "Payee(s)" shall be entered after the words "To: Persons named on attached continuation sheet (payees)". 2/
2. The word and symbol "Payees \$ _____" followed by the amount of payments approved for applicants and assignees, and amounts set off by issuance of checks to the Treas., U. S., in care of the creditor-agencies, covered by the voucher, shall be entered in the lower left corner of the certificate of the certifying officer. Beneath this entry the abbreviation "Form 1096 \$ _____" should be entered followed by the amount(s) being set off including amounts set off on form 1096. Beneath these entries, the word and symbol "Total \$ _____" shall be entered, followed by the sum of the two preceding entries. This total must agree with the amount entered in the certification block. The entries shall appear as follows:

Payees -----	\$ _____
Form 1096 -----	\$ _____
Total -----	\$ _____

C. Schedule of Disbursements.

1. The Schedule of Disbursements shall be prepared in accordance with regular scheduling procedure under the particular program.

D. Form 1096 shall be Prepared as Follows:

1. (a) Where set-offs are listed on form 1096 in favor of Cotton Pool Accounts the form 1096 shall not include set-offs in favor of any other fund or appropriation.
- (b) Where set-offs are listed on form 1096 for failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, the form 1096 shall not include set-offs in favor of any other fund or appropriation.

- 1/ The Treasurer of the United States shall be counted as one payee regardless of the number of deductions scheduled on the schedule of voucher deductions, except that each check to be drawn payable to the Treas., U. S. in care of a creditor-agency shall be counted as a payee.
- 2/ If the amount being set off equals the total payment accruing to the debtor-applicant and the only check(s) to be drawn under the voucher will be drawn payable to the Treas., U. S., the name of the debtor-applicant, followed by the words "Check(s) to be drawn to the Treas., U. S., account indebtedness to U. S." shall be entered in lieu of this information.

- (c) Set-offs being credited to a trust fund or to the General Fund of the Treasury must not be listed on a form 1096 showing set-offs credited to any other fund or appropriation.
 - (d) Set-offs being made in liquidation of indebtedness to the AAA other than those in (a), (b), and (c) above may be listed on one form 1096 provided sufficient additional copies are prepared to furnish the State Accountant a separate copy for each appropriation with respect to which records are maintained by the State Accountant.
2. Enter the schedule number in the upper right corner which will be the next number in the series adopted at the beginning of the current fiscal year.
 3. Enter below the schedule number the sheet number and the total number of sheets comprising the schedule.
 4. Enter the date the schedule is prepared below the sheet number.
 5. Enter above the words "Department or Establishment" the word "Agriculture".
 6. Enter above the words "Bureau or Office" the words "AAA _____ State office."
 7. Enter "G. F. Allen, Chief Disbursing Officer", followed by the name of the city and State in which the DO is located after the words "Made by".
 8. Enter after the word "Period" the month and year during which it is expected that the schedule will be taken up by the DO.
 9. Enter the symbol number furnished by the DO for this purpose after the words "DO symbol No."
 10. Make no entry in the column entitled "DO Voucher Number".
 11. On the first line in the column entitled "Bureau or Office Voucher Number", enter the administrative number of the related public voucher.
 12. The symbol and title of each appropriation which is to be credited shall be entered in the column headed "Appropriation and/or Fund to be Credited" and the total amount to be credited to the appropriation shall be entered in the column headed "Amount of Deduction". The words "Treas., U. S." need not be entered on form 1096.
- (a) If an appropriation is being credited because of set-offs for crop insurance premium advances or grant or aid, the

be entered beneath the symbol and title of the appropriation. In those cases where an appropriation is to be credited because of set-offs for more than one of the items, crop insurance premium advances, grants of aid, and overpayments, an identification of each item, together with a total of the set-offs for each item, shall be entered beneath the symbol and title of the appropriation. The total of the set-offs for all of these items shall be entered in the column headed "Amount of Deduction".

(b) If a price adjustment or parity payment program appropriation is to be credited, the name of the commodity with respect to which the overpayment was made shall be entered beneath the symbol and title of the appropriation.

(c) If a price adjustment or parity payment program appropriation is to be credited because of overpayments with respect to more than one commodity, the name of each commodity and the total of the set-offs for each commodity shall be entered beneath the symbol and title of the appropriation. The total of the set-offs for all of these commodities shall be entered in the column headed "Amount of Deduction".

(d) If an appropriation is to be credited because of set-offs for overpayments under commodity contracts the name of the person overpaid, an identification of the program and contract under which the overpayment was made, and the amount of the set-off must be shown for each case under the symbol and title of the appropriation to be credited. The total of the set-offs for all these overpayments shall be entered in the column headed "Amount of Deduction". No reference to the name of the Disbursing Officer or the DO voucher number of the voucher under which the overpayment was made shall be entered.

(e) If a set-off is being made as a result of failure to remit penalties under the marketing quota provisions of the Agricultural Adjustment Act of 1938, the name of the debtor-applicant, an identification of the State and county code and farm serial number under which the penalty was incurred, the commodity and the marketing year, and the amount of the set-off must be shown for each case under the symbol and title of the fund to be credited.

13. Total the amounts appearing in the column entitled "Amount of Deduction" and enter the total only on the last sheet.

14. In the space above the heading of the third copy, stamp or type, "Forward to Control Accounts and Reports Section, AAA, Washington, D. C."

15. A certifying officer shall sign the original in the space provided for the signature of the approving officer, and all copies shall bear the typed name or facsimile signature of the certifying officer.
16. Since the total amount to be credited to each appropriation must be indicated on form 1096 it may be advisable to prepare a separate set of form 1096 for each voucher if more than one appropriation is to be credited. If set-offs for more than one voucher are listed on the same form 1096, the symbol and title of each appropriation to be credited shall be entered once and the various amounts to be credited to the appropriation for all vouchers shall be listed and properly identified beneath the symbol and title of the appropriation. The total of the amounts to be credited to the appropriation for all vouchers shall be entered in the column headed "Amount of Deduction". For each voucher the bureau voucher number shall be entered in the appropriate column opposite the first set-off item for the voucher. Set-offs which are to be credited to a trust fund or the General Fund of the Treasury must be entered on a separate set of form 1096 and cannot be included in the same form 1096 with other types of set-offs.

E. Form ACP-25 Shall be Prepared in Septuple as Follows:

1. A separate form 25 shall be prepared with respect to each payment accruing to the debtor-applicant against which a set-off is to be made. Forms 26 and 27, if applicable, shall be prepared for each application whereunder persons other than the debtor-applicant are entitled to payment.
2. If the application against which the set-off is being made was filed on any application form other than an agricultural conservation application form, delete the words "Agricultural Conservation" where they appear in the form title and enter the words or phrase which is descriptive of the program.
3. Delete the appropriation symbol and title printed on the form and type or stamp immediately above the form title the correct symbol and title of the chargeable appropriation.
4. Enter the bureau voucher number in the upper right corner. A separate series of voucher numbers for each program shall be established for form 25, beginning with the number 1 and continuing thereafter in numerical sequence until the close of the particular program.
5. Enter the name of the debtor-applicant after the word "Name".
6. Enter the name of the State after the word "Office" followed by
"A.A.C."

7. Enter the address of the debtor-applicant after the word "Address".
8. Enter the name of the city in which the State office is located after the words "Prepared at".
9. Enter in the third line the State and county code and serial number of the application against which the set-off is being made.
10. Enter in column (1) the gross payment computed for the debtor-applicant and/or his assignee.
11. If a deduction is to be made for county association expenses, enter in the heading of column (2) the rate of deduction under the program for the county in which the application originated.
12. Obtain the amount being deducted for county association expenses and enter the amount in column (2).
 - (a) If under the application a deduction is being made for grants of aid, enter the amount of the deduction in column (2) below the entry representing the deduction for county association expenses and follow this amount with an asterisk (*).
 - (1) In the lower left margin, following an asterisk (*) there shall be typed the words "Deduction for grant of aid".
13. Enter in column (3) the net amount payable to the debtor-applicant and/or his assignee, which shall be the difference between the total of the entries in column (2) and the entry in column (1).
14. If no deduction for county association expenses or grants of aid is to be made, make no entries in columns (1) or (2) and enter the net amount payable to the debtor-applicant and/or his assignee in column (3).
15. Make no entries in columns (4), (5), (6), or (7), nor in the space provided for showing the funds to be credited.
16. Enter the title of the certifying officer and the date the form 25 is prepared.

F. Form 26.

If under the application a payment has been computed for persons (other than the assignee of the debtor-applicant) who are not indebted, forms 26 and 27 shall be prepared in the manner outlined below:

1. Form 26 shall be prepared in triplicate as follows:

- (a) Leave the "DO Vou. No." blank.
- (b) Enter the "Bureau Voucher No." which shall be the same as the "Administrative No." assigned to the related public voucher on which the payment accruing to persons interested in the application, who are not indebted, are vouchered.
- (c) In the line beneath the Bureau Voucher Number enter the State and county code and serial number of the related application.
- (d) In the space following the words "Receipt in Lieu of Form" enter the form number of the related application. If the application was made on any application form other than an agricultural conservation program application form, delete the words "Agricultural Conservation" and enter the name of the applicable program in lieu thereof.
- (e) On the line above the word "Station" enter the name of the city and State wherein the GAO is located.
- (f) On the line above the words "Name of debtor-payee" write the name of the debtor-applicant. If more than one applicant is indebted, enter the name of each.
- (g) If the application against which the set-off is being made is not an agricultural conservation program application delete the words "Agricultural Conservation" from the first paragraph.
- (h) Following the dollar symbol enter the amount(s) computed for the applicant(s) whose name(s) appears on the line above.
- (i) Enter below the printed matter the names of the other applicants who are not indebted and the net amounts due each. If any of such applicants have executed assignments, also enter the name of each assignee, followed by the word "Assignee", and the amount payable to each assignee.

2. Form 27 shall be prepared in triplicate, as follows:

- (a) Leave the "DO Voucher No." blank.
- (b) Enter the "Bureau Voucher No." which shall be the same as the "Administrative No." assigned to the related public voucher on which the payment accruing to persons interested in the application, who are not indebted, are vouchered.
- (c) After the words "Facing Sheet for Form _____" enter the form number of the application involved. If the application against which the set-off is being made is not an agricultural

conservation program application, delete "Agricultural Conservation" from the title of form 27 and enter the name of the applicable program.

- (d) The "Symbol No." to be entered in the space provided shall be the symbol number furnished by the DO.
- (e) On the line above the words "Location or Station" enter the name of the city and State in which the DO is located, and above the words "Month and year of account" enter the month and year during which it is expected that the item will be taken up by the DO.
- (f) On the line above the words "Name of debtor-payee" enter the name(s) of the debtor-applicant(s).
- (g) If the application against which the set-off is being made is an application other than an agricultural conservation program application, delete the words "Agricultural Conservation" from the first paragraph.
- (h) Following the dollar symbol enter the net payment(s) computed for the debtor-applicant(s). If more than one person is indebted, the amounts shall be shown in the same sequence as that in which the names appear.
- (i) On the lines following the words "Such apparent indebtedness arises out of a loan from", enter the name of the creditor-agency. If more than one person is indebted, the creditor-agencies shall be shown in the same sequence as that in which the names appear. If the debtor-applicant is indebted to more than one agency, the names of the creditor-agencies shall be listed in the order in which the debts are to be liquidated.
- (j) There shall be entered below the printed matter the names of other applicants who are not indebted and the amounts due each. If any of such applicants have executed assignments, enter the name of each assignee, followed by the word "Assignee" and the amount payable to each assignee. (This may be entered on forms 26 and 27 in a single operation.)

G. Form 28.

If a set-off is being made in liquidation of an indebtedness arising out of a payment certified by the State office, form 28 shall be prepared as follows: (Two sets of form 28 shall be prepared if the adjustment requires an increased deduction with respect to the appropriation charged by a form 1097 and a decreased deduction with respect to the appropriation credited.)

1. Enter the applicant's name in the space provided.

- (a) If the estate of the predecessor of the applicant is indebted, enter the name of the deceased debtor on the line entitled "Applicant's Name".
2. Following the words "Nature of Remittance" enter "Set-Off Against Payment Accruing under Form _____ No. _____", showing the form number and the State and county code and application serial number(s).
3. In the space above the words "State and County Code No." enter a notation as follows: "Overpaid application (Form No.)" and enter the State and county code and serial number of the application whereunder the overpayment was made.
4. Enter the amount of the deduction after the symbol "\$".
5. In the space beneath the words "Action Taken" enter a statement showing:
 - (a) That the applicant, or the estate of his predecessor, is indebted by reason of an overpayment, indicating the program whereunder the overpayment was made,
 - (b) The symbol and title of the appropriation to be credited, i.e., the appropriation from which the overpayment was made.
 - (c) The name of the Disbursing Officer by whom, and the DO voucher number whereunder, the overpayment was made.
 - (d) The administrative number of the continuation sheet on which the overpayment was vouchered.
6. If the set-off is being made in liquidation of an indebtedness arising out of an overpayment with respect to which deductions were made for county association expenses enter beneath the entry described in paragraph 5 above the following information:

"Decrease deduction \$ _____"

 - (a) The adjustment in the association expense deduction shall bear the same ratio to the amount previously charged as the amount of the set-off bears to the total indebtedness.

H. Form AD-42

1. Two copies of form AD-42 shall bear the name, title and initials of a certifying officer. The name, title or initials of such officer shall not appear on the original.
2. In cases wherein a set-off is being made in favor of an independent agency, (or in favor of an independent agency and the AAA, CCC, FSA, FCA, SMA, ECIC or other USDA agencies) it will be necessary to

set forth the priority of deductions on form AD-42 for guidance of the Claims Division, GAO, making settlement. Form AD-42 shall be prepared as follows:

- (a) The form shall not be dated.
- (b) Enter the name and address of the debtor-applicant and the code and serial number of the related application after the words "The accompanying account of".
- (c) Enter on the line "Amount Claimed _____" the amount appearing in column (3) of the related form 25.
- (d) Enter after the words "Appropriation chargeable" the full symbol and title of the appropriation to be charged, which shall be the same as that appearing above the heading of form 25.

- (e) Below the entry showing the chargeable appropriation there shall be entered the following statement:

"According to the records of the _____ State office, Southern Division, Agricultural Adjustment Administration, there is due the above-named applicant a net (phrase descriptive of program) payment in the amount of \$ (Amt. in column 3, form 25), and there is no reason why payment should not be made except as noted below."

- (f) The succeeding paragraph(s) should be prepared similar to the applicable example(s) appearing below.

- (1) If the debtor-applicant is indebted to an independent agency and the AAA, the paragraph relative to the AAA debt should be in the following general form:

a. According to the records of the (State) State office, Southern Division, AAA, the above-named applicant is indebted to the AAA in the amount of \$_____, such indebtedness arising out of an overpayment in that amount made under (phrase descriptive of program) application serially numbered (State and county code and application serial number). The overpayment was made under DO Voucher No. _____, for the period of _____, by (name and location of Disbursing Officer). The fund to be credited is (full symbol and title of the appropriation from which the overpayment was made).

- (2) If the debtor-applicant is indebted to an independent agency and the CCC, FSA, FCA, SMA, FCIC or other USDA agencies, the paragraph relative to the debt

owed to the CCC, FSA, FCA, SMA, FCIC or other USDA agency, should be in the following general form:

a. The records of the (State) State office indicate that the above-named applicant is indebted to the (CCC, FSA, FCA, SMA, FCIC or other USDA agency) and it is requested that the amount of \$(amount to be set off under the particular application in favor of the creditor-agency, as determined pursuant to the provisions of subsection C, section II hereof) be applied toward liquidation of the above-named applicant's indebtedness to (name of creditor-agency as above).

(3) The paragraph relative to the debtor-applicant's indebtedness to the independent agency should be in the following general form:

a. The records of the (State) State office indicate that the above-named applicant is indebted to (name of independent agency to which the debt is owed), and it is requested that the sum of \$(amount to be set off under the particular application in favor of the independent agency to which the debt is owed, as determined pursuant to the provisions of subsection C, section II hereof) be applied toward liquidation of the above-named applicant's indebtedness to (name of creditor-agency as above).

(4) If an assignment was executed with respect to the debtor-applicant's payment under the application, and the amount assigned can be paid in full, the paragraph relative to the assignment should be prepared similar to the following example:

a. It is further requested that the sum of \$ (amount assigned) be paid to (name and address of assignee) as assignee of (name of debtor-applicant).

If the amount assigned cannot be paid in full, the paragraph relative to the assignment shall direct that any amount not required to liquidate the indebtedness of the debtor-applicant to any of the agencies of the United States referred to above, shall be paid to the assignee, the total payment to the assignee, not, however, to exceed \$(amount assigned) and any remaining amount should be paid to the debtor-applicant.

I. Reports Prepared Pursuant to Subsection I, Section I Hereof.

1. Two copies of all correspondence prepared for the signature of the Acting Director of Finance shall bear the name, title, and initials of the certifying officer. The name, title or initials of the officer shall not appear on the original.
2. Form AD-42, prepared pursuant to subparagraph (a), (1), paragraph 2, subsection I, of section I, hereof, shall be prepared similar to the following example:

AD-42

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF BUDGET AND FINANCE
WASHINGTON, D. C.

Date (Blank)

Chief, Claims Division,
General Accounting Office.

Dear Sir:

The ~~accompanying~~ account of James Y. Bell, 204 North St., Sasakwa, Oklahoma, application No. 73-009-1189

has received administrative examination in this department and is transmitted to you for settlement.

Amount claimed	\$ (Amt. of Check)
Differences explained below	\$
Approved for	\$

Appropriation ~~chargeable~~: (Full symbol and title of appropriation against which the check was drawn).

According to the records of the _____ State office, Southern Division, Agricultural Adjustment Administration, James Y. Bell, is entitled to the proceeds of check number _____, drawn (date) _____, for \$ _____, by G. F. Allen, symbol No. _____, D. O. Voucher No. _____, except for his apparent indebtedness to (name of creditor-agency). The Division of Disbursements, Treasury Department, has been requested to forward the subject check to the General Accounting Office.

James Y. Bell 1/ is indebted to the Agricultural Adjustment Administration in the amount of \$20.00, by reason of an overpayment made to him under (program), (State and county code and application serial numbers). The overpayment was made under DO Voucher No. _____, for the period of _____, by (name and location of disbursing officer). The fund to be credited with any amount collected is the appropriation against which the overpayment was drawn, namely, (full symbol and title of appropriation to be credited).

3. Two copies of all letters addressed to the Treasurer of the United States, prepared for the signature of the Acting Director of Finance, shall bear the name, title and initials of a certifying officer. The name, title or initials of the certifying officer shall not appear on the original.
4. Letters to the Treasurer of the United States, prepared for the signature of the Acting Director of Finance, pursuant to subparagraph (a), paragraph 2, subsection I, of Section I, hereof, shall be prepared similar to the following example.

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF BUDGET AND FINANCE
WASHINGTON, D. C.

Treasurer of the United States,
Accounting Division,
Washington, D. C.

Dear Sir: Re: _____

This is in reply to your letter of (Date), relative to check number _____, dated _____, for \$ _____, drawn by G. F. Allen, symbol No. _____, to the order of _____, payment of which was declined because of the alleged forged endorsement of the payee's name.

Examination of the records relative to the _____ application in which the payee has an interest discloses the fact that an overpayment exists in the account. It is requested that the above-described check be forwarded to the Records Division, General Accounting Office, in order that proper settlement may be made. An administrative report relative to the account of this payee has been prepared and is being transmitted to the General Accounting Office.

Very truly yours,

Acting Director of Finance.

1/ The second paragraph shall be included in the report only if the indebtedness resulted from an overpayment certified by the State office.

5. Letters addressed to the Treasurer of the United States, prepared for the signature of the Acting Director of Finance, pursuant to subparagraph (b), paragraph 2, subsection I of section I hereof shall be prepared similar to the applicable example appearing below.

- (a) If the indebtedness arose as a result of an overpayment certified by the State office the letter shall be prepared as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF BUDGET AND FINANCE
WASHINGTON, D. C.

Treasurer of the United States,
Accounting Division,
Washington, D. C.

Dear Sir:

Re: _____

This is in reply to your letter of _____, relative to check number _____, dated _____, for \$_____, drawn by G. F. Allen, symbol _____, to the order of _____, the amount of which has been recovered through the endorsers because of the forged endorsement of the payee's name. (If the check was lost or destroyed the appropriate statement of fact should be substituted).

According to the records of the _____ State office, Southern Division, Agricultural Adjustment Administration, _____ is entitled to the proceeds of the above-described check except for his indebtedness to the Agricultural Adjustment Administration which arose as the result of an overpayment made to him under (program), (State and county code and application serial numbers). The overpayment was made under DO Voucher No. _____, for the period of _____ by (name and location of Disbursing Officer). The fund to be credited with any amount collected is (full symbol and title of the appropriation charged).

There appears no reason why payment should not be made to _____ in the amount of \$ (amt. by which check exceeds debt, if any), provided that (s) he has not received the proceeds of the original check.

Very truly yours,

Acting Director of Finance.

(b) If the overpayment was not certified by the State office, but is owed to the AAA as the result of an overpayment made in Washington by the AAA, the letter should be prepared similar to the example appearing in subparagraph (a) above except that the second paragraph thereof shall be prepared in a manner describing the overpayment according to the information appearing on the register. Care should be taken to fully set forth the symbol and title of the fund to be credited. The third paragraph of the example appearing in subparagraph (a) above shall be included, if applicable.

(c) If the debt is owed to the CCC, FSA, FCA, SMA, FCIC, or other USDA agency, or to an independent agency, the letter should be prepared in accordance with the example appearing in subparagraph (a) above, except that the second paragraph should set forth the name of the creditor-agency and the amount of the indebtedness, and should include any other information furnished by the creditor-agency. The third paragraph of the example appearing in subparagraph (a) above should be included, if applicable.

SECTION V. OVERPAYMENT UNDER AN AGRICULTURAL CONSERVATION PROGRAM IN THE CASE OF A PRODUCER WHO ASSIGNED HIS PAYMENT.

A. Applicability.

The procedure outlined herein is to be followed in handling cases where it is determined that the payment accruing to a producer under an agricultural or range conservation application is in excess of the amount due and all or a part of such payment has been made to an assignee.

B. Determination of the Amount of Overpayment.

The amount of the overpayment shall be determined on an adjustment application. The amount of the assignment on the adjustment application must be made the same as the amount shown on the original application (unless the amount assigned as shown on the original application was in error) even though the assignee has received and negotiated a Treasury check issued pursuant to the assignment.

C. Where Overpayment is Discovered Prior to Delivery of the Affected Checks.

If the overpayment is discovered prior to delivery of the affected checks to the payees thereof, any check drawn in an amount in excess of the amount due shall be canceled and the case shall be handled in accordance with established procedure for adjustment applications.

D. Where Overpayment is Not Discovered Until After Affected Checks Have Been Delivered.

The following procedure shall apply in cases where the checks involved have been delivered.

1. If the overpayment is discovered before the affected checks are cashed by the Treasury, a stop order shall be placed against the check issued to the applicant and a stop order shall also be placed against the check issued to the assignee if the amount of the assignee's check exceeds the amount to which the assignee is entitled under the Adjustment application. Thereafter the case shall be handled in accordance with existing procedure.
2. If the overpayment is not discovered before the affected checks are cashed by the Treasury;
 - (a) Where payments under an application were made to both the applicant and to an assignee and the amount of the overpayment is not in excess of the amount paid to the applicant, a refund shall be required from the applicant only and no demand for refund shall be made upon the assignee. The applicant's name and amount of overpayment will be entered on the register of indebtedness in the usual manner.
 - (b) Where payments under an application were made to both the applicant and the assignee and the amount of the overpayment is greater than the amount paid to the applicant, the name of the applicant shall be entered on the register of indebtedness for the full amount of the overpayment and the name of the assignee shall be entered on the register for the amount by which he was overpaid i.e., the amount by which the payment made to the assignee exceeds the payment computed for the assignor under the adjustment application. The assignee shall not be required to refund any part of the amount paid to the applicant. This procedure will result in a duplicate entry with respect to a part of the amount overpaid. Cross reference shall be made on the register of indebtedness to the related entries of the names of the assignor and assignee.
 - (c) If the full amount of the payment for the applicant was paid to the assignee, and it is subsequently determined that the payment actually earned by the assignor under the application was less than the amount paid to the assignee, a demand for refund shall be made upon both the applicant and the assignee. Both names shall be entered on the register of indebtedness for the amount of the overpayment with adequate cross references. If either the applicant

or the assignee refunds all or a part of the amount owed, or if a set-off is made against a payment accruing to either, appropriate downward adjustments shall be made with respect to both entries on the register of indebtedness.

(d) In each case coming within the provisions of paragraphs (b) and (c) above where the indebtedness is reduced, by set-off or otherwise, the amounts shown on the register of indebtedness for both the applicant and the assignee shall be reduced accordingly and the assignee's name removed from the register of indebtedness when the full amount shown opposite his name is recovered. The assignee shall be advised in cases where his name is removed from the register of indebtedness.

(e) In cases where either the applicant or the assignee makes a refund in excess of the amount shown on the register of indebtedness, the procedure outlined above shall apply and the amount refunded shall be deposited to the Regular Special Deposits Account. The correct amount of the refund shall be transferred to the appropriation charged and the remaining amount refunded to the remitter in accordance with existing procedure.

SECTION VI. ERRONEOUS SET-OFF IN FAVOR OF THE CCC, FSA, FCA, SMA, OR FCIC.

A. Applicability.

The procedure outlined herein is to be followed in handling cases where it is determined that a set-off was made in an amount greater than the applicant's indebtedness or against a payment due an applicant who is not the debtor, or in an amount greater than the payment due the applicant under his application for payment.

B. Where Set-Off was Effected by Means of the Check Method.

1. Where the set-off was made against the proper person but in an amount in excess of that person's indebtedness, or against a person who is found not to be indebted.

(a) The State office shall, upon receipt of notice of such erroneous set-off advise the respective agency. The statement prepared by the State office shall contain the full symbol and title of the appropriation charged, the check number, the date of check, the amount of the check, the DO symbol number, the DO voucher number of the voucher on which the set-off was listed and the name and address of the applicant against whose payment the set-off was made. The original and one copy of this statement signed by a certifying officer shall be sent to the appropriate regional office of the CCC, FSA, FCA, SMA or FCIC.

(b) Upon receipt of the statement from the State office the regional office of the CCC, PSA, FCA, SMA or FCIC will:

- (1) Have a check drawn in favor of the Treas. of the U. S. in care of the AAA and forward the check to the State office. When the check is received in the State office it shall be scheduled on form 1044 to the credit of the regular special deposits account or the appropriation to which the remittance pertains (if available in the field for expenditure). The refund to the producer will then be accomplished by use of 1047 and 1048 in accordance with procedure outlined in Section VIII hereof, or
- (2) Advise the State office that a check cannot be drawn in favor of the Treas. of the U. S. in care of the AAA. (In this case the State office shall write the Director for instructions for handling the case).

2. Where the set - off was made in an amount greater than the payment due the applicant under his application for payment.

- (a) The State office will notify the respective agency in accordance with paragraph 1(a) above.
- (b) The State office upon receipt of the check drawn payable to the Treas. of the U. S. shall schedule it on form 1044 to the credit of the appropriation to which the remittance pertains.
- (c) The State office will, if advised by the respective agency that a check cannot be drawn in favor of the Treas. of the U. S. in care of the AAA, write the Director for instructions for handling the case.

C. Where Refund cannot be made immediately to the Producer.

1. A check drawn payable to the Treas. of the U. S. in care of the AAA may be received from creditor-agencies in cases where excess amounts were set off in connection with reported indebtedness and,
 - (a) The whereabouts of the payee is unknown, or
 - (b) Refund cannot be made to the producer for any other reason except death. (In cases where the person entitled to such amount has died the funds will be deposited to the appropriation from which originally drawn.)

2. Checks covering refunds in cases of this type should be deposited to the credit of the trust fund "128881 Deposits of Unclaimed Moneys of Individuals Whose Whereabouts are Unknown (Name of Individual)."
3. Upon receipt of claim from the payee, a form AD-42 shall be prepared as follows:
 - (a) The form shall not be dated.
 - (b) Enter the name and address of the claimant and the code and serial number of the related application against which the erroneous set-off was made after the words "The accompanying account of."
 - (c) Enter on the line "Amount claimed _____" the amount deposited in accordance with paragraph 2 above for the respective producer.
 - (d) The appropriation chargeable will be "2018892 1/ Payment of Unclaimed Moneys." (The difference between the fund creditable and chargeable is due to the fact that the Congress annually appropriates funds for expenditure for this purpose.)

SECTION VII. APPROPRIATION OR FUND OF THE AAA ERRONEOUSLY CREDITED (FORM 1097 PROCEDURE)

A. Adjustment by Use of Form 1097.

1. Refund to the producer shall be accomplished by use of form 1097 in cases where
 - (a) The amount set off was credited to the wrong appropriation, or
 - (b) The erroneous set-off was credited to the Trust Fund and Receipt Account established under the 1935 Cotton Price Adjustment Program or any other trust fund, or
 - (c) Funds of the appropriation credited are no longer available in the field for disbursement.

- B. It will not be necessary to withhold certification of an amount properly due a person until an accomplished copy of form 1097 has been received. When an appropriation of the AAA is to be credited, a copy

1/ The third numeral in the symbol is the fiscal year designation. Claims approved by the State office subsequent to June 30, 1941, shall have the "1" changed to "2" and in claims approved subsequent to June 30, 1942, the "2" should be changed to "3", etc.

of the form 1097, signed by the certifying officer, shall be attached to the voucher prepared with respect to the adjustment case, if any, when it is transmitted for preaudit.

C. Preparation of Form 1097.

1. Fill in the heading as indicated.

- (a) The "Reference Number", preceded by "SR" and the State code number, should commence with one and continue thereafter in numerical sequence without regard to the appropriations to be charged or fiscal year.
- (b) Enter "Agriculture" in the space entitled "Department or Establishment".
- (c) Enter "AAA", followed by the name of the State office above the words "Bureau or Office".
- (d) The date the form is prepared shall be shown in the space provided therefor.
- (e) The name of the Disbursing Officer, the location of the DO involved, and the general collection symbol number of this office shall be entered in the designated spaces.

Atlanta, Ga. - 891-810
New Orleans, La. - 891-819
Dallas, Texas - 891-814

2. In the column headed "Reference" there shall be entered the Certificate of Deposit Number, and

- (a) If a set-off was accomplished by means of form 1096, the schedule number shall be shown, as well as the DO voucher number of the voucher whereby the erroneous set-off was made.
- (b) If a collection was scheduled on form 1044, the schedule number shall be set forth.

3. In the column entitled "Period of Account" there shall be entered the month and year in which the deposit was credited to the Treasurer of the United States. This information appears on the accomplished copy of the related form 1096 or form 1044.

- 4. The full symbols and titles of the appropriations to be charged and credited shall be entered in the columns provided therefor.
- 5. The amount to be entered in the last column is the amount to be charged against one appropriation and credited to the other.

6. The explanation of the error which occurred and the reason an adjustment is necessary should be set out in detail and must be to the effect that the charge or credit was made through error, and not that it was made improperly. The name of the producer affected, the DO voucher number of the voucher under which the indebtedness arose, the name of the Disbursing Officer who made the disbursement, and the period of account in which the overpayment was made shall be shown. 1/ (The period of account, of course, will not be shown where the overpayment was made in Washington, since the Register of Indebtedness issued by the Office of the Comptroller, AAA, does not contain such information.)
7. The original and one copy shall be signed by a certifying officer and his name and title shall be typed on all remaining copies.

D. Distribution of Form 1097.

1. Form 1097 should be prepared in sextuple except as noted otherwise in paragraphs 3 and 4 below, the original and four copies being forwarded to the Director for disposition. (All copies of form 1097 should be clear and legible. Due to the number of copies required it is advisable to make two runs.)
2. Enter on one copy of form 1097 the notation "Return to _____ State office", giving the address thereof. Another copy shall be designated for transmission to "Control Accounts and Report Section, AAA, Old P. O. Building, Washington, D. C.". Enter on the third copy the statement "Return to Mr. R. F. Croom, Southern Division, AAA, Old P. O. Building, Washington, D. C.", with a notation of action taken.
3. If a set-off was made in an erroneous amount for the purpose of liquidating a debt resulting from an overpayment made in Washington by the AAA which was reported on Form C-1110 or Supplement A thereto, an additional copy of form 1097 shall be prepared and transmitted to the Director, bearing the legend "Forward to Office of Comptroller, AAA, Old P. O. Building, Washington, D. C.".

1/ If the set-off was erroneous because of receipt of a refund liquidating in whole or in part the amount of indebtedness, the explanation shall include information concerning the period of the account during which the item was taken up by the DO and the number and date of the related Certificate of Deposit. If a set-off in liquidation of an indebtedness to the AAA is in error because a set-off was previously made, the explanation shall include information concerning the period of the account during which and the DO voucher number whereunder the previous set-off was made.

4. If the erroneous charge or credit was made in connection with the certification of payrolls, an extra copy shall be prepared and referred to the Director bearing the notation "Forward to the Administrative Audit Section, AAA, Old P. O. Building, Washington, D. C.".
5. The accomplished copy which is transmitted to the State office by the Southern Division shall be forwarded to the State Accountant after notation of the action taken has been entered on the copy retained in the State office files.

SECTION VIII. ERRONEOUS SET-OFF IN CONNECTION WITH A CROP INSURANCE PREMIUM ADVANCE OR AN OVERPAYMENT WITH RESPECT TO A PREVIOUS AGRICULTURAL PROGRAM (FORM 1047 PROCEDURE).

A. Adjustment by Use of Forms 1047 and 1048.

1. Refund to the producer may be accomplished by use of forms 1047 and 1048 where funds of the appropriation credited are available in the field for disbursement and where the erroneous set-off was made,
 - (a) Against the proper person but in an amount in excess of that person's indebtedness, or
 - (b) Against a person who is found not to be indebted.

In all other cases adjustment will be made on form 1097 in accordance with procedure outlined in section VII hereof.

B. Preparation of Forms 1047 and 1048.

1. Prepare form 1047 in quintuple (original on form 1047 and four copies on form 1048) as follows:
 - (a) Enter on the first line in the upper right corner the serial number which shall be the next unassigned number in the series adopted at the beginning of the current fiscal year. The serial number shall be preceded by an identification of the program whereunder the overpayment was made, and the State and county code, i. e., "40-ACP-56-001-1". If form 1047 has been prepared against a price adjustment program appropriation, enter above the title of the form the name of the commodity.
 - (b) Enter after the abbreviation "U. S." the words "Department of Agriculture, AAA _____, State Office".
 - (c) Enter after the word "Location" the name of the city and State in which the State office is located.

- (d) Enter after the words "Appropriation of Fund" the symbol and title of the appropriation which was credited by the erroneous set-off. These data may be obtained from form 1096 which was prepared in connection with the erroneous set-off.
- (e) Enter after the word "To" the name of the payee.
- (f) Enter after the word "Address" the words "In Care of", followed by the name and address of the association treasurer.
- (g) Enter after the word "on" the date shown in the upper right corner of the form 1096 on which the set-off was scheduled. If more than one set-off was scheduled, enter the date of each form 1096.
- (h) Enter after the word "for" the words "Alleged Indebtedness".
- (i) Enter after the words "Amount of Deposit" the amount of the set-off scheduled on form 1096. If more than one set-off has been made, enter the total of such set-offs.
- (j) Enter after the words "Applied as explained in 'Remarks' below" the proper amount of the set-off.
- (k) Enter after the words "Balance authorized to be refunded" the amount to be returned to the payee.
- (l) Enter in the body of the form under the word "Remarks" a complete explanation of the manner in which the erroneous set-off was made. There shall be included in the explanation the amount of the set-off, the name of the applicant, the State and county code and serial number of the application and the name of the program under which the erroneous set-off was made, the schedule number of form 1096, and the date of deposit. If a deduction for county association expenses was made in connection with the program, the appropriation for which was credited with the erroneous set-off, reference shall be made to the adjustment in association expenses. If the refund is to be made because of erroneous set-offs for more than one of the items, crop insurance premium advances, grants of aid, and overpayments, the amount of the refund for each item shall be shown separately in the body of form 1047. The following examples will indicate how the body of form 1047 should read:
 - (1) "A set-off in the amount of \$10.00 was made against the payment due John Doe under 1939 Agricultural Conservation Program application

for payment 56-001-325. This set-off was accomplished by Standard Form 1096, Schedule No. 39-ACP-2, Certificate of Deposit No. 1-154, dated January 5, 1940. It has been determined that Mr. Doe was not indebted and therefore a refund in the amount of \$10.00 is due him."

"Increase in association expense \$1.00"

- (2) "Mr. John Doe received a 1939 crop insurance premium advance in the amount of \$25.00. Because of this indebtedness a set-off in the amount of \$17.00 was made from the 1939 wheat price adjustment payment due him under application 56-001-325 by means of form 1096, Schedule No. 39-PA-3, Certificate of Deposit No. 9-1016, dated January 5, 1940. A set-off of \$10.00 was made from the indemnity payment due under 1939 wheat crop insurance application 33-066-3T by means of form 1096, Schedule No. 273, Certificate of Deposit No. 9-1017, dated January 6, 1940, prepared by the branch office of the Federal Crop Insurance Corporation, Kansas City, Missouri. Since the amount of \$27.00 which was set-off was \$2.00 in excess of the amount due, a refund in the amount of \$2.00 is due Mr. Doe".

- (m) Enter in the lower left corner the date the form is prepared.
- (n) Make no entries below the double line.
- (o) A certifying officer shall sign form 1047 and enter his title in the space provided therefor. The name and title of the certifying officer shall be typed on all copies of form 1048.

C. Forms 1047 prepared in accordance with this procedure shall be scheduled on the schedule of disbursements, used in connection with the program the appropriation for which was credited with the erroneous set-off. The forms shall be prepared in accordance with applicable procedure. After the form has been prepared it shall be forwarded to the State Accountant to be stamped "Funds Available".

1. Forms 1047 and 1048 shall be distributed as follows:

- (a) Forward form 1047 and two copies of form 1048 to the DO; together with the original and three copies of the schedule of disbursements. Forward one copy of form 1048 to the State Accountant and file the remaining copy of form 1048 in the Claims Section.

- (b) When the DO has completed the action in connection with form 1047, one copy of form 1048 will be returned to the State office. Upon receipt of the copy of form 1048 from the DO, forward this copy to the State Accountant.

D. The foregoing procedure will also be applicable in cases where the amount of a person's payment was erroneously reduced by means of a voucher reduction. Such cases may arise where the amount of a person's payment was reduced because of indebtedness arising from a grant of aid, or a crop insurance premium advance made from the appropriation under which payment was due the applicant. In these cases, reference shall be made to the DO voucher number of the voucher under which the erroneous deduction was made, rather than to form 1096, Schedule of Voucher Deductions. The following example will indicate how the body of form 1047 should read in this case:

"Mr. John Doe received a 1940 crop insurance premium advance in the amount of \$15.00. Because of this indebtedness the amount of payment which was due Mr. Doe under 1940 Wheat Parity Payment Program application for payment 74-001-325 was reduced in the amount of \$15.00 by means of a voucher reduction in connection with the DO voucher 9-16400. It has been determined that the amount of the advance, \$15.00, was refunded by Mr. Doe and scheduled on form 1044, Schedule No. (), Certificate of Deposit No. 9-1465, dated . Therefore, a refund in the amount of \$15.00 is due him."

SECTION IX. PROCEDURE BY WHICH ONE STATE RECOVERS INDEBTEDNESS ARISING IN ANOTHER STATE

A. Grant of Aid Indebtedness.

1. If producer's application for payment is filed in State A and there is to be deducted from the approved payment an amount for a grant of aid furnished the producer in State B, a notice of such indebtedness will be sent to State A:

- (a) By the Office of the Comptroller in cases where the national \$10,000 limitation in payment is applicable. In these cases the Office of the Comptroller will, in executing Part II of form ACP-107, add to the certification now appearing on the form the following:

"Subject to recovery of \$_____ due to (Year) grant of aid in (State). Notice of recovery should be mailed to _____ (name), _____ (address)."

- (b) By the State who made the grant of aid advance in cases where knowledge is available that the applicant has moved to another State, or has payment coming due in another State, but not in cases involving the \$10,000 national limitation handled through the means of form ACP-107. In these cases certification of the indebtedness will be in letter form, advising the amount and crop year to which the grant of aid is applicable and name and address to which notification of recovery is to be mailed.

2. State A upon the return of form ACP-107 duly executed in Part II by the Office of the Comptroller or on notification from another State of unpaid grant of aid advance, will:

- (a) If the grant of aid was furnished in connection with the program under which the applicant is receiving payment, follow the existing voucher reduction procedure. A memorandum shall be prepared in duplicate and signed by a certifying officer stating in effect that the (Year) grant of aid furnished (Name) in (State) in the amount of \$, has been recovered by voucher reduction under (Year) conservation application (State, county and serial No.) paid under voucher number , dated . One copy of this memorandum shall be sent to the office (State B), the name and address of which was indicated in Part II of form ACP-107, or in the letter received from State B, and one copy of the memorandum shall be given to the State Accountant in State A.

- (1) The State Accountant in State A will use the copy of the memorandum as his authority to decrease the amount of his memorandum account of recoveries for grants of aid, which account was increased per form ACP-22.

- (2) The State Accountant in State B will use the copy of the memorandum received from State A as his authority to increase the amount of his memorandum account of recoveries for grants of aid.

- (b) If the grant of aid was furnished in connection with a program prior to the conservation program under which the form ACP-107 is executed, follow the existing form No. 1096 procedure and credit the appropriation chargeable with the program under which the grant of aid was furnished. After the accomplished copy of the form 1096 has been returned from the DO, a memorandum shall be prepared in triplicate and signed by a certifying officer to the effect

that the (Year) grant of aid furnished (Name) in (State) in the amount of \$, has been recovered by set-off against DO Voucher number , dated , by Standard form No. 1096, Schedule number , Certificate of Deposit number , dated , and credited to appropriation . One copy of this memorandum shall be transmitted to the office (State B) designated in Part II of form ACP-107, the second copy shall be transmitted to the Chief, Control Accounts and Reports Section, AAA, Old P. O. Bldg., Washington, D. C., and the third copy shall be transmitted to the State Accountant in State A.

- (1) The State Accountant in State A will use the copy of the memorandum as his authority to decrease the grant of aid recovery as shown on his memorandum record of grants of aid recoveries by set-off which he increased pursuant to the form 1096 by which the grant of aid set-off was made.
- (2) The Claims Clerk in State B will use the copy of the memorandum as his authority for removing the grant of aid indebtedness from the register. No postings are to be made by the State Accountant since the grant of aid allotments are not maintained by him.
- (3) The Control Accounts and Reports Section will use the copy of the memorandum as authority to decrease the allotment account for State A and to increase the allotment account for State B under the appropriation which was credited by means of the form 1096.

B. Other Indebtedness

1. If producer's application for payment is filed in State A and there exists in State B indebtedness for overpayments made on previous programs, crop insurance premium advance or other items appearing on the register, a notice will be sent to State A in the same manner as indicated in A,1,(a) and A,1,(b) covering Grants of Aid Indebtedness and in connection furnish data as to appropriation creditable including allotment symbol.
2. State A upon the return of form ACP-107 duly executed in Part II by the Office of the Comptroller indicating indebtedness of producer or on notification from another State of existing indebtedness will:
 - (a) If the indebtedness exists under the same appropriation as the appropriation under which the applicant is receiving payment, follow the existing voucher reduction procedure. A memorandum shall be prepared in duplicate and

signed by a certifying officer stating in effect that the indebtedness covering (nature of indebtedness) under (appropriation allotment symbol code) in the name of (Name of debtor) in (State) in the amount of \$ has been recovered by voucher reduction under (Year) program application (State County and Serial Nos.) paid under DO Voucher Number dated . One copy of this memorandum shall be sent to the office of State B and one copy to the State Accountant in State A.

- (1) The State Accountant in State A will use the copy of the memorandum as his authority only to decrease the amount of his memorandum account of recoveries for crop insurance premium advances (this being the only account at the present time which would be applicable) which was increased per form ACP-22.
 - (2) The State Accountant in State B will use the copy of the memorandum received from State A to increase the amount of his memorandum account of recoveries for crop insurance premium advances. Two copies of this memorandum should be transmitted to the Claims Clerk in State B by the State Accountant, one copy for recording to their debt register and the other for transmittal to the GAO as a notification of crop insurance premium advance recovery.
- (b) If the indebtedness exists under a different appropriation from the appropriation under which the applicant is receiving payment, follow the existing form 1096 procedure crediting the appropriation applicable. After the accomplished copy of the form 1096 has been returned from the DO, a memorandum shall be prepared in triplicate and signed by a certifying officer to the effect that the indebtedness covering (Nature of indebtedness) in the name of (name of debtor) is (State), in the amount of \$, has been recovered by set-off against DO Voucher number dated by Standard Form 1096 schedule number , Certificate of Deposit number dated and credited to appropriation allotment symbol code . One copy of this memorandum shall be transmitted to State B; one copy to the Control Accounts and Reports Section, and one copy to the State Accountant of State A.
- (1) The State Accountant in State A will use the copy of the memorandum to decrease the allotment account which he increased pursuant to form 1096 by which

the indebtedness set-off was made, provided the allotment is officially maintained in State A.

- (2) The State Accountant in State B will use the copy of the memorandum for increasing the allotment account if officially maintained in his State office and if not the copy of the memorandum will be used only to remove the item from the Register with proper notation as to recovery thereof.
- (3) The Control Accounts and Reports Section will use the copy of the memorandum as authority to decrease the allotment for State A and to increase correspondingly the allotment for State B provided these allotment accounts are not officially maintained in the States involved. If the States maintain the official allotment accounts, no postings will be made by the Control Accounts and Reports Section other than the disbursement and collection posting to the General Ledger covering expenditures.

SECTION X. PROCEDURE FOR WITHHOLDING INCOME TAX FROM AAA PAYMENTS DUE NON-RESIDENT ALIENS

A. Applicability.

1. If an application for payment is filed by or on behalf of a person whose address is shown to be outside the United States, its possessions, or territories and no statement is submitted by the county committee to show that the applicant is a citizen of the United States, it will be necessary to withhold part of the payment computed for the applicant in accordance with the following outlined procedure.
2. The tax is applicable to all AAA payments but with respect to conservation and sugar payments the tax is to be applied against the payment less the county association expense deduction (hereinafter referred to as net payment).
3. In cases where an applicant obtained conservation materials or a crop insurance advance and the deduction therefor equals or exceeds the net payment, no tax can be withheld. If, however, the deduction is less than the net payment the tax is to be computed against the net payment but the amount to be withheld for tax cannot exceed the amount by which the net payment exceeds the deduction for the materials or crop insurance advance.
4. With respect to assignments, the status of the assignor and not the assignee is the controlling factor. Accordingly, the net payment earned by an assignor who is a non-resident alien

is subject to the tax and conversely, if the assignor is not a non-resident alien the tax is not applicable irrespective of the status of the assignee.

5. Items of indebtedness against a non-resident alien for reasons other than those listed above, are to be deducted after the tax deduction.

B. Rate of Tax

1. For all non-resident aliens (including corporations) - $16\frac{1}{2}\%$.

Note: In cases where the amount withheld was at the old rate (see Supp. E to SRC-303) only the amount withheld can be scheduled for payment to the Bureau of Internal Revenue and set-off should not be made against current payments to non-resident aliens for taxes which would have been deducted in prior years if the procedure had been in effect at that time.

C. Method of Withholding Tax.

1. Form 1042 (Treasury Department, Internal Revenue Service, 1940) shall be prepared in original and one copy for each case where tax is to be withheld (including Canadian cases)
2. Form 1042B (Treasury Department, Internal Revenue Service, 1940) shall be prepared in original and two copies for each case where the non-resident alien is a resident of Canada.

3. Preparation of Forms 1042 and 1042B:

- (a) The name of the "withholding agent" shall be listed as "Department of Agriculture, AAA _____ State Office" and the address will be that of the State Office.
- (b) The "Name of agent for above withholding agent" shall be "G. F. Allen, Chief Disbursing Officer" and the address will be that of the DO in which the check is to be drawn.
- (c) The "nature of income" shall be described by the name and year of the program in connection with which the payment is earned.
- (d) The "gross amount of income paid" shall be the amount against which the tax is computed. In cases where due to conservation materials or crop insurance advances the amount available for transfer to the Bureau of

Internal Revenue is less than the amount normally to be deducted, an explanation shall be made on the form 1042 (and 1042B where applicable) to the effect that \$_____ of the "gross amount of income paid" was paid in materials or crop insurance advances.

- (e) For cases which on December 31, 1940, were being held pending receipt of instructions, the tax shall be considered as being withheld during the calendar year 1940.
 - (f) For cases which arise during the calendar year 1941, form 1042 (and 1042B if applicable) shall also be used but "1940" shall be changed to "1941" on the form(s).
 - (g) The form 1042 (and 1042B if applicable) shall be signed by an administrative certifying officer and his name and title shall be typed immediately below his signature.
 - (h) The form 1042 (and 1042B if applicable) must be notarized.
4. Form AAA-397, "Data with Respect to Applicant(s) Residing Outside of the United States," shall be executed (original and one copy) for each case where an application is filed by or on behalf of individuals or co-signers whose addresses are outside of the United States, its possessions, or territories.
- (a) In case of co-signers the form AAA-397 is to be signed by or on behalf of all the co-signers even though some may be citizens or resident aliens.
 - (b) If the application for payment is signed on behalf of a non-resident alien partnership, association, corporation, estate, or trust, the form AAA-397 shall not be executed but the tax shall be withheld from the payment on the assumption that the applicants are non-resident aliens.
 - (c) Where the address of an applicant is within the United States, its territories, or possessions, it shall be assumed that the applicant is not a non-resident alien and hence form AAA-397 shall not be executed unless the county committee has knowledge of the fact that the applicant is a non-resident alien.
5. Irrespective of the location of the State office withholding the tax the amount of the tax shall be scheduled on the applicable voucher form as payable to the "Treas., U. S., c/o Collector of Internal Revenue, Baltimore, Md." The amount shall be entered on the application for payment (or attached statement) in the same manner as set-offs in favor of other Bureaus of the Department of Agriculture.

6. The original of the form AAA-397 shall be attached to the respective application when it is transmitted to the GAO for preaudit.
7. Form 1042 and, where applicable, the original and one copy of form 1042B shall be attached to the original of the schedule of disbursements. The DO, upon drawing the check will mail the check and accompanying forms to the Collector of Internal Revenue, Baltimore, Maryland.
8. One copy of the form AAA-397 and form 1042 and, where applicable, one copy of form 1042B shall be filed with the State office copy of the application for payment.

Form SRM-451 (Sample)
United States Department of Agriculture
Agricultural Adjustment Administration
Southern Division.

Program: _____

PRIORITY OF SET-OFFS

State and county code and serial number(s) of application(s) _____.

Set-offs are to be made from the payment(s) computed under the above-indicated application(s) in the order shown below for _____;
(name and address of debtor-applicant)

	A	B
1. Amount available for set-offs	XXXXX	
2. AAA set-off		
3. CCC set-off		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11. Payment to Debtor-Applicant		
TOTAL		XXXXXXXXX

Date _____

Claims Clerk

Issued August 28, 1941

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

STATE OFFICE PRODEDURE FOR SETTING OFF AMOUNTS DUE THE UNITED STATES

SRC-403 is hereby amended as follows:

I

In mimeographing SRC-403 the following four lines were omitted and should be inserted in the spaces indicated:

- A. In paragraph 1(a), subsection D of section I (at the bottom of page 4) insert the following:

"(1) Debts arising from failure to return properly***".

- B. In paragraph 7(b), subsection B of section III (at the bottom of page 16) insert the following:

*** pending file. The notice should bear the following nota-***".

- C. In footnote No. 1 at the bottom of page 18 insert the following:

*** the fund to be credited shall be taken from the register."

- D. In Paragraph 12(a), subsection D of section III (at the bottom of page 22) insert the following:

*** reference '1940 CIP Advance' or '1940 grant of aid' shall ***".

II

- A. Item a., subparagraph (g), (2), paragraph 1, subsection A of section IV (page 19) is amended to read as follows:

"a. In cases of indebtedness to the CCC, the continuation sheet shall show the address of the CCC as New Orleans, La., if the indebtedness is in connection with a cotton loan. If the indebtedness is in connection with a wheat loan the address to be shown will be that of the office from which the request for set-off was received. The words 'Symbol 13-980' shall no longer be entered in connection with CCC set-offs".

THE UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WYOMING

WYOMING

Section 1. The following is a list of the lands owned by the United States in the State of Wyoming:

1. The following is a list of the lands owned by the United States in the State of Wyoming:

2. The following is a list of the lands owned by the United States in the State of Wyoming:

3. The following is a list of the lands owned by the United States in the State of Wyoming:

4. The following is a list of the lands owned by the United States in the State of Wyoming:

5. The following is a list of the lands owned by the United States in the State of Wyoming:

6. The following is a list of the lands owned by the United States in the State of Wyoming:

7. The following is a list of the lands owned by the United States in the State of Wyoming:

8. The following is a list of the lands owned by the United States in the State of Wyoming:

9. The following is a list of the lands owned by the United States in the State of Wyoming:

10. The following is a list of the lands owned by the United States in the State of Wyoming:

11. The following is a list of the lands owned by the United States in the State of Wyoming:

III

- A. Paragraph 1, subsection B of section VI (page 36) is amended by the addition of the following footnote 1/:

"1/ In FCIC cases, where the set-off was made against the proper person, but in an amount in excess of the amount of the indebtedness; the State office shall request the branch office of the FCIC to issue a check to the applicant in the amount of the excess set-off and attach to the request a copy of the letter from the applicant, if any. Upon receipt of the request from the State office the branch office of the FCIC will have a check drawn to the applicant.

IV

- A. Subsection B, section VII of SRC-403 (page 38) is amended to read as follows:

"B. It will not be necessary to withhold certification of an amount properly due a person until an accomplished copy of form 1097 has been received.

1. When an appropriation of the AAA is to be credited, a copy of the form 1097, signed by the certifying officer, shall be attached to the voucher prepared with respect to the adjustment case, if any, when it is submitted to preaudit.

(a) In cases where the appropriation being charged has lapsed and the person entitled to a refund was partially responsible for the erroneous credit to the lapsed appropriation by virtue of the fact that he had signed an application showing the incorrect division of payment, or had erroneously remitted more than was due, such party to the error may be paid by means of a certified claim submitted on a properly executed Form AD-42 accompanied by an executed form 1097.

